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*The Commonwealth of Massachusetts*

ANNUAL REPORT

OF THE

Commission

OF THE

Department of Public Utilities

FOR THE

Year Ended November 30, 1939



# DEPARTMENT OF PUBLIC UTILITIES ANNUAL REPORT

Boston, May 14, 1940.

*To the Honorable Senate and House of Representatives:*

We respectfully submit the twentieth Annual Report of the Commission of the Department of Public Utilities for the fiscal year ended November 30, 1939.

John M. Whouley was appointed a Commissioner on December 1, 1938.

## RETURNS

The number of corporations, private and municipal, persons, firms and associations under the jurisdiction of and filing annual returns with the Department, exclusive of those filing under the Sale of Securities Act, is as follows:

Steam railroads.....	21	Electric companies.....	37
Street railways.....	19	Water companies.....	30
Telephone companies.....	14	Motor bus lines.....	57
Telegraph companies.....	3	Municipal lighting plants.....	41
Steamboat companies.....	2	Manufacturing and other companies and persons doing an electric business.....	5
Sleeping car companies.....	1	Voluntary associations.....	23
Express companies.....	3	Affiliates of gas and electric companies.....	5
Gas companies.....	45		
Total.....			356

In addition to the above there are under the jurisdiction of the Department 924 regular route common carriers, 7,094 irregular route common carriers, 1,164 contract carriers and 1,186 interstate licensed carriers operating motor vehicles for the transportation of property for compensation within the Commonwealth.

During the year the Commission held 717 formal hearings and many conferences. The volume and character of the work requiring the Department's attention during the fiscal year are shown by the following tabulation:

*Petitions and Applications:* Railroad, 191; street railway, 43; gas and electric, 72; water, 10; motor bus, 141; motor truck, 70; telephone and telegraph, 6; steamboat, 3; sale of securities, 22; miscellaneous, 37; total, 595.

*Complaints:* Railroad, 134; street railway, 17; gas, 157; electric, 508; water, 50; motor bus, 72; motor truck, 639; telephone and telegraph, 670; sale of securities, 790; smoke abatement, 229; total, 3,266.

*Rate Schedules:* Railroad freight service, 1,192; passenger service, 222; express, 143; street railway, 25; telephone, 76; telegraph, 6; motor bus, 26; motor truck, 4,250; electricity, 113; gas, 65; water, 19; gas and electric contracts, 341; total tariffs, 6,478.

The appropriations for the Department and its expenditures for the fiscal year ended November 30, 1939, are given below:

Appropriations.....	\$368,442.32
Expenditures.....	331,111.30
Balance.....	\$ 37,331.02

The receipts of the Department for the same period are shown in the following itemized statement:

### Gas, Electric and Water Division:

Fees, gas meter tests.....	\$33,160.20	
Fees, electric meter tests.....	38.00	
Sales, blank forms and classification of accounts.....	295.65	
		\$ 33,493.85

### Public Service Division:

Motor Busses:		
Fees, bus permits.....	\$ 4,113.00	
Fees, drivers licenses.....	4,411.00	
		8,524.00
Miscellaneous:		
Sales, blank forms.....	\$ 11.45	
		11.45

Commercial Motor Vehicle Division:

Motor trucks:		
Fees, common carrier certificates.....	\$ 8,310.00	
Fees, contract carrier permits.....	4,567.00	
Fees, brokers licenses.....	30.00	
Fees, distinguishing plates.....	120,812.00	
Fees, miscellaneous plate receipts.....	66.50	
Fees, copies of documents.....	97.10	
Miscellaneous income.....	19.00	
		\$133,901.60

Securities Division:

Fees, registration of brokers.....	\$23,950.00	
Fees, registration of salesmen.....	13,590.00	
Fees, copies of documents.....	16.35	
		37,556.35

Rent of Land, Brattle Square, Cambridge (Cambridge subway) ..... 4,562.50

Miscellaneous:

Postage.....		.70
Total.....		\$218,050.45

Financial statement verified, May 21, 1940.

Approved:

GEO. E. MURPHY.  
Comptroller

SPECIAL INVESTIGATIONS

Twenty investigations have been made by the Department upon its own motion during the fiscal year ended November 30, 1939, the character of which is shown below:

Electricity, rates and charges.....	1
Water, rates and charges.....	3
Motor trucks, rates and charges.....	5
Motor bus, rates and charges.....	2
Railroad passenger time tables.....	1
Telephone, rates and charges.....	1
Miscellaneous.....	7
Total.....	20

Chapter 64 of the Resolves of 1939 provided for the establishment of a special unpaid Commission for the purpose of investigating the possibilities of coordinating transportation facilities in and around the Metropolitan Boston area and the advisability of extending the rapid transit system in the city of Boston from the South Station to the Readville district of said city, and relative to the railroad transportation facilities within the Commonwealth, with a view to determining what action should be taken to assure continued transportation service for the communities served by certain railroad lines, particularly commuting passenger service, so-called.

This Commission was to consist of one member of the Senate to be designated by the President thereof, three members of the House of Representatives to be designated by the Speaker thereof, three persons to be appointed by the Governor, the Attorney General and the Chairman of the Commission of the Department of Public Utilities. Under the provisions of said resolve the Chairman of the Commission of the Department of Public Utilities was authorized to designate an officer or employee in the Department to serve in his place on said Commission. In pursuance thereof the Chairman of said Commission on August 3, 1939 designated Commissioner Richard D. Grant as a member of the Special Commission and in the event of his absence at the organization meeting of said Commission, William J. Keefe, Chief Engineer of the Department, was named as alternate member of said Commission.

On March 13, 1939 an order was adopted by the House of Representatives and by the Senate, which order reads as follows:

## THE COMMONWEALTH OF MASSACHUSETTS

House of Representatives, March 13, 1939.

ORDERED, That the Department of Public Utilities is hereby authorized and directed to determine the fair market value of the property and franchises of the Boston Elevated Railway Company for transportation purposes, taking into consideration reproduction cost less depreciation and obsolescence, original cost, and also including as an element of such value the earning capacity of said property and franchises based upon the actual earnings thereof. Said department shall, on or before April first in the current year, report to the General Court its finding hereunder.

Pursuant to the provisions of said order, the Department, after investigation and consideration, submitted its report to the General Court on April 1, 1939.

Pursuant to the provisions of section 3 of chapter 333 of the Acts of 1931, and upon notice from the Trustees of the Boston Elevated Railway Company of a deficit in the operation of the railway for the year ending March 31, 1939, the Department has made an investigation of the operations and expenses of the company and a report (the eighth since the enactment of the statute) was transmitted to the Governor and to members of the Metropolitan Transit Council.

## CAPITAL STOCK AND BONDS

Ten applications for approval of issues of stock, bonds or notes of public utilities were decided during the year which ended November 30, 1939. The par value of securities to the amount of \$7,299,800 was approved.

The following table shows the securities approved by the Commission for the several companies applying therefor, giving both the par value of the capital stock and the issue price thereof, determined as required by law:

COMPANY	Capital Stock Approved			Bonds Approved at Par	Date
	Amount at Par	Issue Price	Value at Issue Price		
Buzzards Bay Gas Co.....	\$ 70,000	\$ 25	\$ 70,000	—	Jan. 17
Gilbertville Water Co. <sup>1</sup> .....	65,000	100	65,000	—	Jan. 30
Grafton Water Co.....	—	—	—	\$ 48,000	June 12
Housatonic Water Works Co.....	—	—	—	30,000 <sup>2</sup>	June 26
Massachusetts Water Works Co.....	32,000	100	32,000	115,000	May 23
Montaup Electric Co.....	—	—	—	3,000,000 <sup>3</sup>	Mar. 6
Oxford Water Co.....	—	—	—	35,000 <sup>4</sup>	Jan. 26
Salisbury Water Supply Co.....	—	—	—	67,500 <sup>4</sup>	Feb. 16
Springfield Street Railway Co.....	—	—	—	2,895,300 <sup>5</sup>	Nov. 23
Union Freight Railroad Co.....	—	—	—	192,000 <sup>2</sup>	Nov. 17
Western Massachusetts Electric Co..	750,000	25	750,000	—	Dec. 29

<sup>1</sup> Original Stock.

<sup>2</sup> Notes.

<sup>3</sup> Renewal Notes.

<sup>4</sup> Refunding.

<sup>5</sup> Maturity of bonds extended twenty-five years.

## ACCOUNTING

The Commission on April 14, 1925 appointed Daniel F. Davies Chief Accountant and he assumed the duties of the office May 1, 1925. Mr. Davies discharged the duties of the office until August 4, 1939, when he resigned.

The Commission on October 27, 1939 appointed Arthur D. Snow, Senior Accountant in the Division, to the position of Chief Accountant.

All annual returns required to be filed by gas, electric and water companies were filed with the Department within the time limit prescribed by law. The returns of the municipal lighting plants of Ashburnham and Blandford were filed late.



## MUNICIPAL LIGHTING PLANTS

We herewith set forth a list of municipal plants with percentage earnings which, from reports filed in 1939 for the year 1938, appear to have violated the provisions of the statute requiring such plants to reduce their rates when they have earned a profit in excess of the 8 per cent allowed by law:

North Attleborough.....	11.45%
Peabody.....	20.89%
South Hadley.....	8.55%

Of the above plants, North Attleborough has reduced its rate in 1939.

It also appears that the following municipalities have violated section 58 of chapter 164 of the General Laws which provides that the town shall include in the annual appropriations and in the tax levy not less than the estimated cost of the gas and electricity to be used by the town for street lighting, and these figures are as follows:

Town	Estimated amount which should have been paid	Town paid only
Ashburnham.....	\$ 1,456.24	\$ 650.00
Groveland.....	3,351.01	3,000.00
Hudson.....	5,639.77	4,583.34
Mansfield.....	8,606.07	7,500.00
North Attleboro.....	8,302.32	5,000.00
Peabody.....	14,312.32	None
Shrewsbury.....	6,613.75	5,500.00
Wakefield.....	21,943.08	20,000.00

## GAS, ELECTRIC AND WATER UTILITIES

The rates and charges of several gas and electric companies were reduced voluntarily or by order of the Department in 1939, with an estimated annual savings to customers of \$385,900. The following table shows the extent of the estimated annual savings from rate reductions based upon the previous year's use in each instance, since 1934:

1934.....	\$1,565,485	1936.....	\$1,263,423	1938.....	\$ 177,650
1935.....	2,823,502	1937.....	2,052,086	1939.....	385,900

The above reductions are below the average reductions effected in prior years, due in part to the damage resulting from the hurricane of September, 1938. It is anticipated that the former trend of rate reductions may be resumed in the near future since the losses resulting from the hurricane have largely been recovered.

Some gas companies made revisions in their rates and charges during the year resulting in estimated reductions amounting to \$70,290, largely to meet competitive fuels.

At the present time some portion of each community in the Commonwealth is being served with electricity and every year records an advance in rural construction.

During the fiscal year, 128,034 gas meters have been tested by the Gas, Electric and Water Division, and those found correct were badged and sealed in accordance with the statute. This figure compares with 113,859 tested in the previous year. Of these 128,034 meters, 368 were tested on complaint of the consumer or the company, of which one would pass gas but would not register. The average error of the remaining 367 meters was 1.31 per cent. Of the new and repaired meters offered for testing, 8,074 were prepayment meters, while 784 meters were rejected as being more than two per cent fast or slow on examination.

Ten electric meters have been tested on complaint of either the consumer or of the electric company.

During the period from December 1, 1938 to November 30, 1939, 492 tests of the quality of the gas supplied by the forty-nine companies distributing gas in the Commonwealth have been made. Thirty-one violations of the legal standard were found and the offending companies duly notified that immediate steps must be taken to correct the conditions.

Eight wet calorimeter meters, three five-foot meter provers and eight calorimeter thermometers were calibrated for the use of various companies.

Seven hundred fifteen complaints relating to supply, service, rates, etc. have been carefully investigated and in most cases have been settled satisfactorily to all concerned. Of these, 157 were against gas companies, 508 against electric companies and 50 against water companies.

A total of 698 accidents have been reported during the fiscal year under the provision of section 95 of chapter 164 of the General Laws. Of this number, 166 were fatal, 152 being reported as caused by gas and 14 as caused by electricity.

In conjunction with the Engineering Division 83 investigations were made relative to gas, electricity and water. Arrangements have usually been made for the completion of such extensions with the companies and consumer without the necessity of a formal hearing before the Commission.

### ENGINEERING

In accordance with Chapter 333 of the Acts of 1931, the division has investigated and made special reports on the savings that might be effected on operating expenses of the Boston Elevated Railway for the year ending March 31, 1939.

During the year, the plant accounts of the following companies which were filed under order of the department (D. P. U. 4980), have been checked and the property has been inspected:

Boston Elevated Railway Company.  
 East Taunton Street Railway Company.  
 Fitchburg & Leominster Street Railway Company.  
 Gardner & Templeton Street Railway Company.  
 Holyoke Street Railway Company.  
 Middlesex & Boston Street Railway Company.  
 Northampton Street Railway Company.  
 Plymouth & Brockton Street Railway Company.  
 Union Street Railway Company.  
 Worcester Street Railway Company.  
 Amherst Water Company.  
 Ashfield Water Company.  
 Auburn Water Company.  
 Barnstable Water Company.  
 Chatham Water Company.  
 Cohasset Water Company.  
 Dedham Water Company.  
 Edgartown Water Company.  
 Hingham Water Company.  
 Lenox Water Company.  
 Southbridge Water Supply Company.  
 Wannacomet Water Company.  
 Williamstown Water Company.  
 Attleboro Steam & Electric Company.  
 Fitchburg Gas & Electric Company.  
 Cape & Vineyard Electric Company.  
 Lawrence Gas & Electric Company.  
 New Bedford Gas & Edison Light Company.  
 Quincy Electric Light & Power Company  
 Plymouth County Electric Company.  
 Provincetown Light & Power Company.  
 Worcester Gas Light Company.

A physical valuation has been made of the following water companies:

Cheshire Water Company.  
 Holliston Water Company.  
 Salisbury Water Supply Company.

Investigated and reported to the department on 65 proposed bus routes and on two trackless trolley lines.

Bridges carrying trolley cars and buses to the number of 121 have been inspected. On 12 of these, restrictions were placed as to operation of buses over the bridges.

Examined three sets of plans and structures and approved of changes in the structures of the Boston Elevated Railway, in accordance with Chapter 500 of the Acts of 1897.

In conjunction with the Gas, Electric and Water Utilities Division, investigations were made of 83 complaints relative to electric light and water extensions and other matters requiring engineering assistance.

Much time was devoted this year to the proposed abandonment of some parts and diminution of service of other parts of the Old Colony section of the New York, New Haven & Hartford Railroad.

During the year the Housatonic Water Company completed its slow sand filtration system which is now in operation (D. P. U. 5490.)

Public hearings were held and reports submitted on 25 matters assigned to this division in accordance with Chapter 221 of the Acts of 1938.

At the request of the committee of the Metropolitan affairs of the Legislature, this division made a valuation of the Boston, Revere Beach & Lynn Railroad, within the limits of East Boston and Winthrop.

A study and report was made of the purchase of Barnstable County Gas Company by the Buzzards Bay Gas Company as authorized by Chapter 147 of the Acts of 1938.

Checked plans and estimated strength of proposed bridges, eliminating grade crossings at two locations within the Commonwealth.

Made an appraisal of the property of the Merrimac Valley Power and Buildings Company which was to be purchased by the Amesbury Electric Company (D. P. U. 5556).

Assisted the Department of Correction in designing and installing new electrical apparatus in connection with changes at the State Prison in Charlestown.

Attended conferences at New Haven, Connecticut on the proposed dam and power plant on the Connecticut River to be built by the Army Engineers at Enfield, Connecticut.

An appraisal was made of the Connecticut River Power Company's transmission line between Bellows Falls and the New Hampshire-Massachusetts State line and the Bellows Falls Hydro Electric Corporation (D. P. U. 5842).

Investigated and reported on the Boston Consolidated Gas Company's Rate Case (D. P. U. 5744) and the cost of gas sold by the Eastern Gas & Fuel Associates to the Boston Consolidated Gas Company in D. P. U. 5658.

There were received for filing by the department during the above period 6,478 tariffs, schedules and contracts, divided as follows: Railroad freight, 1,192; Express, 143; Motor trucks (tariffs, schedules and contracts), 4,250; Railroad passenger, 222; Street railway passenger, 25; Motor bus, 26; Telephone, 76; Telegraph, 6; Electric, 113; Gas, 65; Water, 19; and Gas and Electric contracts, 341.

Approvals by the Department were given to 101 applications for permission to file tariffs on less than statutory notice, and four claims for reparations, after examination by the Division.

There has been a great volume of work performed in connection with the filing of tariffs, schedules and contracts with the department by the motor carriers. During this past year there has been 3,220 tariffs of irregular route motor carriers examined, approved and placed in files open for public inspection. At the same time, 2,906 tariffs were rejected as not in conformance with the department's rules or the carriers' certificate of public convenience and necessity. The rejection of these tariffs and inquiries concerning the filing of rates has resulted in more than 2,313 conferences being held with motor carriers. The contracts and schedules of 111 contract carriers were reviewed and accepted as being in conformity with the carriers' permit, department rules, while the filings of 88 carriers were formally rejected. In addition to this, over 1,500 letters requesting that tariffs be filed, were sent to motor carriers who had failed to file within the ninety-day statutory filing time. We have also had a large number of complaints concerning rate violations of



which 73 were investigated and invariably satisfactorily closed. There were also 98 applications for approval of assignment and transfer of certificates and permits reviewed and subsequently approved by the Department.

The Division also held 53 conferences with representatives of various gas, electric, water, bus, railroad and railway companies concerning the filing of tariffs and participated in investigations by the department of the rates of the following: Salem Electric Lighting Company, Haverhill Gas Light Company, United Electric Lighting Company, Union Light and Power Company, Boston Consolidated Gas Company, and the New England Telephone & Telegraph Company.

There are now on file and open to public inspection the tariffs of approximately 40 per cent of the regular and irregular motor carriers. There are about 2,500 carriers to whom certificates have been issued who have failed to file tariffs in accordance with the provisions of the statute and the department's rules. The proper filing of contracts and schedules of minimum charges by contract carriers is proving more difficult to accomplish than in the case of the common carriers. Approximately 1,000 permits have been issued to carriers who have failed to comply with the department's filing requirements. At the present time we are in the process of requesting by letter that these carriers make proper filings.

ACCIDENTS AT GRADE CROSSINGS DURING THE YEAR ENDING  
NOVEMBER 30, 1939

RAILROADS	Protected Crossings				Unprotected Crossings			
	Number of Crossings	Killed	Injured	Ratio of Casualties to Crossings	Number of Crossings	Killed	Injured	Ratio of Casualties to Crossings
Boston & Albany R. R.....	66	—	2	1-33	84	—	—	—
Boston & Maine R. R.....	416	5	16	1-19	243	1	3	1-60
Boston, R. B. & L. R. R.....	11	—	—	—	—	—	—	—
Hoosac Tun. & Wilmington.....	—	—	—	—	2	—	—	—
Central Vermont Ry.....	7	—	—	—	37	—	—	—
N. Y., N. H. & H. R. R.....	368	1	8	1-41	270	1	1	1-35
Fore River.....	5	—	—	—	—	—	—	—
Grafton & Upton.....	—	—	—	—	—	—	—	—
Totals.....	873	6	26	1-31	636	2	4	1-97

*GRADE CROSSING ACCIDENTS INVESTIGATED*

Number involving motor vehicles.....	39
Number involving pedestrians.....	<u>1</u>
Total Accidents.....	40

Thirty of these accidents occurred at crossings with some form of protection and 10 at crossings where there was no form of protection. Twenty-three of the above accidents occurred in daylight and 17 after dark. Passenger trains were involved in 28 accidents, freight trains in 10, and switchers in 2.

RAILROADS AND STREET RAILWAYS

The New Haven on October 23, 1935, filed in the United States District Court for the District of Connecticut, a petition for reorganization under section 77 of chapter VIII of the Acts of Congress Relating to Bankruptcy as amended (11 U. S. C. A. 205). At that time it was operating the Old Colony Railroad Company and the Boston and Providence Railroad Corporation under 99-year leases of their properties and franchises, as it had been since its acquisition of these leaseholds in 1893. On June 1, 1936, with said Federal Court's approval, the trustees of the New Haven rejected the lease of the Old Colony Railroad Company and on July 19, 1938, rejected the lease of the Boston & Providence Railroad Corporation. Subsequent to the disaffirmance of these leases the petitioner treated the Old Colony Railroad Company and the Boston & Providence Railroad Corporation as separate and distinct entities although continuing to operate them in conjunction with the rest of the New Haven system. The possession and continued operation of these



properties by the New Haven has been for the separate account of each of the said railroads under authorization of the Federal Court.

The Trustees of the New York, New Haven & Hartford Railroad Company, hereinafter referred to as the New Haven, filed with the Department in November and December of 1937 and in January and February of 1938 eighteen petitions seeking written approval by the Department of the proposed abandonment upon lines within the Commonwealth of 53 passenger stations of the Old Colony Railroad Company, 25 passenger stations of the New England Railroad Company and 10 stations of the Boston & Providence Railroad Corporation; and to discontinue certain passenger trains and to revise the schedules of certain other trains upon lines of the aforesaid railroads presently being operated by the petitioners.

After the petitions were filed, notice was given by the New Haven of the issuance of a new time table, embodying the changes sought to be effected, to take effect on March 27, 1938. Thereafter the Department received a large number of complaints against the suggested curtailment of train service and abandonment of passenger stations from officials of the municipalities involved by the curtailment program, from members of the General Court, from various civic organizations and from private citizens. In view of the widespread public interest and the serious effect which such a change in operations by the principal railroad corporation serving the Commonwealth might have upon the well being of its people it was deemed advisable by the Commission to enter upon an investigation on the Department's own motion of the subject matter of the petitioner's proposals.

Notice was given to all parties and persons interested and on February 23, 1938, the Department began public hearings at which evidence and testimony was received concurrently upon the New Haven's 18 petitions, the various complaints entered in opposition and in connection with the Department's own investigation. The issues involved were the time table changes, the discontinuance of passenger train service and the abandonment of passenger stations. These hearings extended over a period of 21 months and were concluded on November 9, 1939, when the final arguments on behalf of the New Haven and of the Attorney General of the Commonwealth were heard.

Prior to the conclusion of the case as a whole the Department disposed of the petition numbered D. P. U. 5564, dealing with the line operated by the New Haven between Yarmouth and Provincetown, in an order issued July 28, 1938, granting the petition in part but denying it in so far as it affected stations and passenger service which, in the opinion of the Commission, it was necessary to maintain adequately to meet the requirements of public necessity. By the terms of this order the New Haven was required to operate a gas-electric rail car on all week days from Yarmouth to Provincetown in the morning and from Provincetown to Yarmouth in the afternoon, stopping to permit passengers to board or alight at the following-named stations: Yarmouth, South Dennis, Harwich, Brewster, Orleans, Eastham, Wellfleet, North Truro and Provincetown. Approval was given in writing of the abandonment of the stations at Bass River, North Harwich, Pleasant Lake, East Brewster, North Eastham, South Wellfleet, South Truro and Truro. The New Haven Railroad refused to comply with this order and the Department referred the matter to the Attorney General for such action in the premises as he deemed appropriate. Thereafter the Attorney General instituted proceedings in behalf of the Commonwealth in the Massachusetts Supreme Judicial Court to compel the railroad to comply with the Department's order. The case is still pending before said Court. The hearings held subsequent to the issuance of this order were confined necessarily to the subject matter of the remaining seventeen petitions.

After notice, public hearing, investigation by the Department upon its own motion and consideration, the Department ordered that the petitions hereinbefore referred to should be dismissed without prejudice. It further ordered that the Trustees of The New York, New Haven & Hartford Railroad Company, operating the New York, New Haven & Hartford Railroad Company, the Old Colony Railroad Company and the Boston & Providence Railroad Corporation under a decree of the United States District Court for the District of Connecticut, within ten days of the date of this order, reopen for the use of the passengers patronizing the railroads

operated by the petitioners, the following-named passenger stations which are situated upon the lines of railroads operated by the petitioners within the Commonwealth:

Ashcroft, City Mills, Highland Lake, Plimptonville, Winslows, (D. P. U. 5548); Ferry Street, (D. P. U. 5549); Springdale, West Stoughton, Easton, Whittenton, (D. P. U. 5550); Spring Street, (D. P. U. 5551); East Foxborough, West Mansfield, Sharon Heights, (D. P. U. 5552); Norton, (D. P. U. 5557); Fairmount, River Street, Blue Hill Avenue, Morton Street, Dorchester, Harvard Street, Mount Bowdoin, Bird Street, Upham's Corner, (D. P. U. 5559); Matfield, Westdale, Stanley, (D. P. U. 5560); East Braintree, West Hingham, Nantasket Junction, North Cohasset, Black Rock, Beechwood, (D. P. U. 5561); North Hanson, Burrage, Halifax, Plympton, (D. P. U. 5562) Gray Gables, Bourne, Sagamore, East Sandwich, (D. P. U. 5563); Mount Hope, Forest Hills, Jamaica Plain, Boylston Street, (D. P. U. 5565); North Attleborough, Plainville, Wampum, Lake Pearl, Wrentham, Pondville, Walpole Heights, East Walpole, Morrills, (D. P. U. 5566); Rock, South Middleborough, Tremont, (D. P. U. 5567); Braleys, East Freetown, Weld Street, (D. P. U. 5568); Randolph, (D. P. U. 5569); and Charles River, Dover, Farm Street, Medfield Junction, Clicquot, Millis, Medway, West Medway, Caryville, North Bellingham, Bellingham Junction, (D. P. U. 5570).

and further ordered that the said Trustees, within ten days, operate the same schedule of local passenger train service in that part of the East End Territory, so-called, included in the petitions (D. P. U. Nos. 5548, 5549, 5550, 5551, 5552, 5557, 5559, 5560, 5561, 5562, 5563, 5565, 5566, 5567, 5568, 5569, 5570 and 5610,) as was operated on the twenty-eighth day of February, 1938; each of said trains to be operated at the same times, from the same points of origin to the same points of destinations; and over the same routes as were being operated by the petitioners on the aforesaid date; that each of said trains shall stop to permit passengers to board or to alight at the same passenger stations or stops at which each of said trains was scheduled to stop on the said twenty-eighth day of February, 1938.

Subsequent to the issuance by the Department of the order (D. P. U. 5564) the New Haven Railroad appealed to the District Court for the Connecticut District where, after appropriate proceedings, an order was issued authorizing the abandonment of passenger service to 88 passenger stations. From this order the Commonwealth appealed to the Circuit Court of Appeals where the order was reversed by that court. The New Haven Railroad then took an appeal to the Supreme Court of the United States where after hearing an argument the court sustained the Circuit Court of Appeals. During the period from November, 1937 to date many hearings have been held as hereinbefore set forth.

Conferences were held by the Department with the Special Commission to investigate the railroad transportation facilities within the Commonwealth, representatives of the railroad, bondholders of the railroad, residents of all cities and towns, members of the General Court, civic organizations and private citizens seeking to find some means under and by which reasonably adequate service would continue to be furnished to residents of the territory affected by the proposed abandonment of stations and curtailment of service.

The issues involved in the transportation situation are still pending in some form before this Department, the Special Commission to investigate the railroad transportation facilities within the Commonwealth, the Interstate Commerce Commission and the courts. The Department has done and will continue to do all that it can to the end that reasonably adequate rail transportation will continue to be furnished in territory affected by the proposals of the New Haven Railroad.

On October 3, 1939 the Boston, Revere Beach and Lynn Railroad Company filed a petition with the Department for authority to abandon all its stations and train stops and discontinue all of its transportation operations and for approval of plan of reorganization filed in the District Court of the United States and proceedings under section 77B of the Bankruptcy Act.

After due notice public hearings were held by the Department on November 9,



15, 16, 23, 27 and 28; and thereafter, after consideration, on December 11, 1939, the Department issued the following order:

"ORDERED, That the petition of the Boston, Revere Beach and Lynn Railroad Company filed with the Department on October 3, 1939 (D. P. U. 5903) be and hereby is dismissed.

And the Department of Public Utilities does hereby CERTIFY ITS DISAPPROVAL of the Debtor's Plan of Reorganization dated September 8, 1939, referred to in the petition of the Boston, Revere Beach and Lynn Railroad Company, and filed with the Department on October 3, 1939, as to the public interest therein and the fairness thereof."

Copies of the opinion, order and disapproval of the Department, which consists of 29 pages, are on file with the Department and are available to the public.

Thereafter the Boston, Revere Beach and Lynn Railroad acting under the provisions of an order of the United States District Court for the district of Massachusetts, gave notice of its intention to abandon service on all parts of its railroad on January 27, 1940. Subsequently, steps were taken by various interested parties, designed to continue the service on this railroad. These efforts, however, proved ineffective and said railroad on January 27, 1940 abandoned all service.

Prior to the abandonment date the Department, acting under the provisions of section 5 of chapter 159A of the General Laws, (Ter. Ed.) and after conferences and consideration, and in order to provide for unusual, sudden or unforeseen transportation needs or to avoid interruption of existing transportation facilities, issued temporary licenses to certain carriers, deeming that public convenience and necessity so required, and for a period not exceeding 60 days. These temporary licenses were issued to the Saugus Transit Company, Service Bus Line, Inc. and the Boston Elevated Railway Company, and prior to the expiration of said 60-day period the Department, after notice and a public hearing, upon applications previously filed, issued permanent certificates to Rapid Transit, Inc. (name changed from Saugus Transit Company), Service Bus Line, Inc. and Eastern Massachusetts Street Railway Company, authorizing the operation of motor vehicles for the carriage of passengers for hire over routes set forth in said applications and designed to provide service in the territory previously served by said railroad. As a result of the action by the Department there was no interruption of service and the facilities furnished were reasonably adequate to meet the public requirements.

During the fiscal year, the Division of Railway and Bus Utilities made 13,116 inspections of rolling stock, including locomotives, passenger and freight cars; 3,800 inspections of street railway cars; 320 inspections of trackless trolley coaches; 1,470 inspections of railroad and railway stations; 1,619 inspections of railroad and street railway bridges; 1,500 inspections of railroad signals and interlockings, and 341 inspections of grade crossing protection. In addition, switches and derails, foot blocking and bridge guards, and crossing signs were inspected. Defective conditions were called to the attention of the proper officials of the companies and corrections were made.

The Division investigated 164 accidents on railroads; 153 on street railways and was represented at 7 inquests. Also, 134 complaints relating to the operation of railroads and 17 re street railways were investigated and adjusted. Seventy-one special investigations and studies were made.

The Division issued 111 railroad police licenses and 9 steamship police licenses.

At the request of the Attorney General's office, this Division made passenger traffic counts and station revenue account surveys on the New York, New Haven and Hartford Railroad System, to be used by the Attorney General in preparing his defense in cases pending before the courts and this Department regarding the matter of abandoning stations and curtailing service on parts of that system.

#### MOTOR BUS TRANSPORTATION

At the close of the fiscal year there were 74 persons, associations or corporations (including street railway companies) operating motor buses within the Commonwealth for the carriage of passengers for hire under a certificate of public convenience



and necessity granted by the Department. There were issued 469 bus permits and 4,289 drivers' licenses for which fees aggregating \$8,347.50 have been received.

During the year 7,942 inspections of buses and 698 inspections of highway bridges over which buses operate have been made and 60 accidents and 72 complaints have been investigated. Operating violations, 81 in number, have been noted and corrected. Defective conditions were called to the attention of the proper officials of the companies and corrections made. Thirty-one hearings were conducted by this Division on matters pertaining to railroads, railways and buses.

### COMMERCIAL MOTOR VEHICLES

During the year much time of the division was given to the reclassification of registered contract carriers. Hearings were held in Boston, Springfield, Worcester, Pittsfield, Greenfield, Northampton, Haverhill, Lowell, Lawrence, Peabody, Taunton, Fitchburg, Fall River and Hyannis. One hundred and forty-one days were devoted to public hearings at which 3,887 cases were heard and were subsequently reclassified.

George O. Darling was provisionally appointed Director on March 1, 1939 to succeed Frank E. Riley.

A total of 705 applications for new irregular route common carrier certificates, contract carrier permits and amendments were indexed and listed for public hearings. In accordance with the provisions of chapter 483 of the Acts of 1938, notice was sent to all registered carriers in the Commonwealth. These cases took twenty-eight days from June 27, 1939 to August 14, 1939, inclusive. A record was made of each case and protests were noted. In addition, 347 transfer applications were heard and a written report was submitted to the Commission for its decision thereon.

The work of reclassification is practically completed. Approximately 1,200 failed to respond to notices of hearing.

By a vote of the Commission dated July 10, 1939, the Director and Assistant Director were authorized to examine and pass upon regular route common carrier applications, irregular route common carrier applications, contract carrier permit applications and interstate license applications, with the right of the applicant to appeal to the Commission from any such finding, provided such appeal is filed within twenty days from the decision of the Director.

Six hundred thirty-nine complaints were recorded at this Division. Of these, 217 were reports of carriers failing to make returns on C.O.D. shipments, 414 were complaints of carriers failing to obtain plates or permits or operating beyond the scope of permits issued, and 8 complaints were filed against carriers charging less than the prescribed or filed rate. One hundred seventy-five special investigations were made and reported. Five hearings were held on C.O.D. violations. Of the total number of C.O.D. violations registered, 204 were adjusted to the satisfaction of the complainant.

At the close of the fiscal year, there were 924 regular route common carriers, 7,094 irregular route common carriers, 1,164 contract carriers and 1,186 interstate licensed carriers.

### TELEPHONE AND TELEGRAPH

On November 30, 1939 there were 892,928 telephone stations in Massachusetts, a net gain of 21,533 stations over the preceding year.

There were 670 complaints made to the division during the fiscal year, which required special attention.

During the past year thirteen changes have been made in various exchange boundaries. These changes brought the subscribers involved into an exchange which served to better their community interests.

In anticipation of the installation of dial service late in 1940 for Newton, the Commission approved consolidation of the Newton North, Centre Newton and West Newton exchanges into one exchange area. It reduced the rate for West Newton subscribers from ten to five cents on calls to the downtown central offices.

In conjunction with this change the town of Watertown which was formerly

served from a part of the Newton North exchange, was set up as a separate exchange covering approximately the corporate limits of the town of Watertown.

The establishment of these two offices necessitated the rearrangement and adjustment of all the calling areas for both contiguous and measured service customers, all of which were approved by the Commission on October 11, 1939, after notice and a public hearing.

#### *Installation of Crossbar Type Dial Telephone Service:*

Lynn's new crossbar type dial telephone service—the first of its kind in New England and the third in the United States—was cut over on August 26. From each one-party or two-party telephone it is possible to dial directly to more than fifty different telephone offices in the Greater Boston section.

On November 1, multiple registration became effective for Metropolitan Boston. It is estimated that a saving of \$115,000 to measured service customers in Metropolitan Boston will result from the application of a "message unit" rate (multiple registration) to former 10 and 15-cent calls within the Metropolitan Division and to the Lynn central office. The former 10-cent calls, such as from downtown Boston to Waltham, Woburn, Braintree, Hull and Dedham, to give a few examples, are, billed as two units; and the former 15-cent calls, such as from Boston to Cohasset, Lincoln, Norwood or Randolph, are now billed as three units. Thus residence customers having measured service, for whom the additional unit rate is 3 cents, will pay only 6 cents for their former 10-cent calls, and will pay only 9 cents for their former 15-cent calls. Business customers having measured service, for whom the additional message unit rate is either 4 cents or  $3\frac{1}{2}$  cents, depending on the number of calls used, will pay either 8 cents or 7 cents for their former 10-cent calls, and either 12 cents or  $10\frac{1}{2}$  cents for their former 15-cent calls, depending on how many they use. In each case, also, such calls may be included in the measured service allowance, so that they may be made without charge by customers who might not otherwise use their full allowance of calls.

Along with these reductions in charges have come considerable service improvements in metropolitan Boston resulting from the extension of the scope of dial service for the telephone users in dial office areas. Under the new plan these telephone users are able to dial directly on all calls within a 16-mile zone in metropolitan Boston. They are also able to dial directly to Lynn, supplementing a similar service made available in August from Lynn to Metropolitan Boston.

The savings are spread over a large number of customers and the total amount involved is substantial.

Additional rate reductions resulting in savings of \$69,000 to customers have been effected during the year. They were made up of the following items:

\$200 in savings because of change in exchange boundary and base rate area of the Acton Exchange;

\$9,000 in savings to measured service customers in Lynn Exchange;

\$16,600 in savings to users of semi-public coin box service through greater message allowances;

\$25,700 in savings to teletypewriter customers, benefiting principally the state and municipal police departments;

\$10,000 in local mileage charges, principally affecting customers located well outside the base rate areas in various exchanges;

\$7,500 in other mileage charges, principally on off-the-premises extension telephone service and tie trunk line service between private branch exchange switchboards in downtown Boston.

#### *Highland Telephone Company:*

The greatly impaired plant of the Highland Telephone Company caused by action of the Metropolitan District Water Commission in acquiring approximately 55 per cent of its total area and over 50 per cent of its plant and the further trouble induced by the hurricane, necessitated an intensive study by the division. It



recommended changes which brought about marked improvement and the company is now furnishing adequate service to all its customers.

#### *State House Telephone Service:*

As stated in the 1938 annual report, additional changes proposed for 1939 were accomplished. Seven auxiliary switchboards were removed and the conversion of department telephone requirements into the centralized system of Capitol 4600 was made. This will further increase the efficiency of telephone service furnished to the public calling the State House and also greatly speed the completion of inter-departmental calls through the dial system. Plans are under way for the operation of a complete centralized system in the forthcoming year. At the conclusion of these changes an estimated yearly saving of approximately \$25,000 will be made in communication cost.

#### SMOKE ABATEMENT

The Division has made further progress in the elimination of smoke in the 29 cities and towns which go to make up the territory covered by the smoke law (chapter 651, Acts of 1910).

Ten formal hearings were held by the Director during the year. These hearings are preliminary to the issuance of a formal order to stop or abate the emission of smoke to conform to the provisions of chapter 651, Acts of 1910. In addition, 33 conferences with owners or operators were held, and as result further violations were eliminated in many instances.

On December 1, 1938 owners of 110 plants were ordered to abate the smoke to comply with provisions of the smoke law. During the year one of these orders became void due to the fact that the plant was burned and the company has established a new plant in a different location. The division has issued four orders during this period, so that 113 plants have been subject to the formal order.

The number of complaints received from the public showed quite a material increase over the number received during the previous year. There were 184 in the original territory (Boston, Brookline, Cambridge, Chelsea, Everett and Somerville) and 45 in the new, making a total of 229 as compared with 157 for 1938. All complaints were promptly investigated and where violations were noted, suggestions were offered as to how the trouble might be overcome. Subsequent investigations showed in most cases the nuisance had been abated.

During the year the inspectors have made 772 plant calls, many of which were for the purpose of warning firemen that chimneys at the various plants emitted smoke close to the maximum allowed. Thus we have been able to forestall violations in many instances.

The total number of observations made on each type of stack for the years ending November 30, 1938 and 1939 are given below. An observation is a graphic record of the amount of smoke issuing from a stationary or marine stack or a roundhouse jack during a period of one hour, or in the case of a locomotive, for a period of five minutes.

	1938	1939
Stationary stack.....	297,699	282,079
Locomotive stacks.....	51,035	47,097
Marine stacks.....	6,153	6,176
Total.....	354,887	335,352

While the total number of observations made this year on stationary and locomotive stacks shows a small decrease, the marine class shows a slight increase. It is gratifying to note that the number of violations reported on all three classes—stationary, marine and locomotive, shows a substantial decrease, in the first-mentioned class of approximately 8 per cent and in the last 2 of 50 per cent.

Observations were taken on a total of 4,337 stacks and 3,929, or 90.6 per cent were without any violations having been noted. This shows a gain of approximately 2.6 per cent in the number of clean stacks.



Approximately 47 per cent of the violations noted on stationary stacks were burning oil, 48 per cent were burning coal and 5 per cent, wood or rubbish.

In conclusion, the Division looks forward to the coming year confident that a further reduction of smoke will be effected. Through the efforts of this Division there has been created a spirit of cooperation among the owners and operators of the various plants which we feel will be continued.

#### SALE OF SECURITIES

During the fiscal year there were filed with the Division 207 Notices of Intention to Offer for Sale 259 security issues having a par value of \$1,020,038,126.83, the offering price for which aggregated \$1,335,137,839.79. This is a monthly average of approximately 17 Notices and \$111,261,500 aggregate offering price; the average offering price of the securities presented on each Notice being \$6,450,000. The smallest number of Notices filed in any one month was 10 in February; the largest number was 28 in June. The corresponding amounts of aggregate offering price being \$11,853,161 and \$291,440,702, respectively. Final disposition was not reached on only 8 of the Notices filed, while 13 were brought over from last year so that such action was taken on 212 Notices covering 269 security issues during the year.

The aggregate offering price of the issues so considered amounted to \$1,374,284,517.54. Of this amount \$588,336,291.61 was passed for qualification; \$563,333,047.50 was exempted; \$222,515,178.43 was permitted to withdraw and not become qualified and \$100,000 was forbidden qualification by finding of fraud against the security.

Of the securities that had at some time become qualified, 101 issues having a par value of \$99,253,522.50 were banned from sale by findings, 88 of these issues having a par value of \$95,242,722.50, for failure to file required information. Revocation was made of findings affecting 15 issues of a par value aggregating \$43,991,579.00.

Continuing the practice, instituted last year when they were first defined as securities by statute, Oil Royalties are passed for qualification only for the period during which the Federal Offering Sheet relating thereto is effective. Such period is limited to 110 days but may be renewed by refiling. In the past year only 48 Notices on such securities were filed, of which only 26 were passed for qualification. These were filed by 7 brokers who reported sales totalling \$82,030.88.

A total of 552 brokers were registered, of which registrations 14 were cancelled by request of broker and 2 were suspended; 2,817 salesmen were registered, of which registrations 116 were cancelled by request of the salesman, 48 cancelled for failure to furnish name of broker, 3 cancelled by order after a hearing and 1 was suspended by order. Hearings were held on 5 salesmen's applications for registration, of which 3 were denied and 2 approved. In all, 16 hearings were held, resulting in 10 appeals from the action of the Division being taken to the Commission.

In addition to formal hearings approximately 790 complaints against brokers and salesmen were investigated.

Silas F. Waite of Boston, who had been Chief Inspector since 1921, when the Sale of Securities Act first became effective, retired on March 25, 1939.

John H. Backus of New Bedford, who was appointed Director of the Securities Division on November 30, 1936, terminated his service on November 7, 1939, upon the abolition of the Division, pursuant to chapter 442 of the Acts of 1939, effective November 8, 1939, which transferred its powers and duties to the Commission of the Department.

In accordance with the provisions of section 32 of chapter 30 as amended by chapter 499 of the Acts of 1939, the Department submits the following list of all rules and regulations made or promulgated by the Department and in force and effective on November 30, 1939, namely:

1. P.S.C. 1752—November 8, 1918—Modification of regulations relative to emergency tools and appliances on railroad trains and cars.
2. D.P.U. 300—Rules with reference to the equipment of street railway cars.
3. D.P.U. 2304—Rules, terms and conditions, operation of motor vehicles for carriage of passengers for hire—May 15, 1926.

4. Rules for the observation of smoke by smoke inspectors—adopted February 8, 1929—authority section 4, chapter 651, Acts 1910.
5. Rules and regulations of the Department on July 31, 1931 relating to forms of accounts, records and memorandum and forms of annual returns of common carriers, of gas and electric companies or persons in manufacture and sale or distribution of gas or electricity, and of water companies, together with attested copies of forms referred to in said rules and regulations.
6. D.P.U. 4214—August 19, 1931—Regulations relating to intake pipe leading to gas meter, an automatic device designed to retard gas in case of fire.
7. D.P.U. 4224—Rules and regulations—provisions of section 2, chapter 135, Acts 1931—Signals by rail-borne motor cars operated on railroads. Adopted December 24, 1931.
8. D.P.U. 4350—Rules, terms and conditions, operation of motor vehicles for carriage of passengers for hire, March 11, 1932.
9. March 25, 1932—Amendment to D.P.U. 4350 noted above.
10. D.P.U. 4437—Rules, terms and conditions, operation of sightseeing automobiles for the carriage of passengers for hire (June 30, 1932).
11. D.P.U. 4447—July 14, 1932—Rules and regulations relative to the lending of money by gas and electric companies.
12. March 24, 1933—Amendment to D.P.U. 4447 noted above.
13. July 15, 1927—Rules and regulations for filing of tariffs and schedules, also an amendment to said rules and regulations—June 23, 1933.
14. D.P.U. 4240—December 29, 1933—Order of department relative to books and accounts of gas and electric companies, municipal lighting plants and water companies.
15. D.P.U. 4350-AB—May 15, 1934—Amendment to rules, terms and conditions for the operation of motor vehicles for the carriage of passengers for hire, adopted March 11, 1932.
16. D.P.U. 4926—February 12, 1935—Rules and regulations relating to motor vehicles transporting property for hire.
17. D.P.U. 4888—March 12, 1935—Order in relation to equipment of railroad trains and cars with emergency tools and appliances.
18. D.P.U. 4350-AU—March 20, 1936—Amendment of Rule 38 of Rules, terms and conditions for the operation of motor vehicles for the carriage of passengers for hire, adopted March 11, 1932.
19. D.P.U. 4240—March 18, 1938—Order relating to classification of accounts for gas and electric companies, municipal lighting plants and water companies.
20. D.P.U. 4888—December 4, 1936—Order in relation to equipment of railroad trains and cars with emergency tools and appliances.

Respectfully submitted,

JOSEPH R. COTTON, *Chairman*,  
RICHARD D. GRANT,  
JOHN J. CURLEY,  
FRANCIS M. McKEOWN,  
JOHN M. WHOLEY,  
*Commissioners.*